

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

APPLICATION OF MOUNTAIN UTILITIES,)
INC., FOR RATE INCREASE) CASE NO. 7699

ORDER DENYING PETITION
FOR REHEARING

On July 16, 1980, the Energy Regulatory Commission entered an Order denying the Application for an adjustment of rates filed by Mountain Utilities, Inc., (Applicant). On August 5, 1980, Applicant filed a petition for rehearing requesting that the Commission set aside its Order and grant a rehearing. Applicant contends in its Petition that the Commission failed to provide adequate rates in that present rates will not produce revenues sufficient to pay its operating expenses and service its debt.

Applicant further stated that the Order failed to include a Purchased Gas Adjustment Clause and a Base Rate for purchased gas.

The Commission, after consideration of the matter herein, is of the opinion and FINDS:

That the Applicant's adjusted test-year operations, as shown in the Order dated July 16, 1980, include all operating expenses found proper for rate-making purposes.

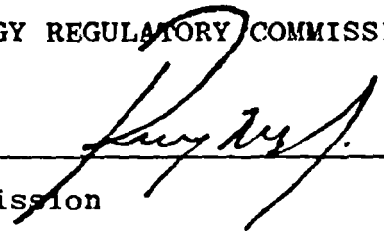
That Applicant's adjusted test-year operations provide a fair, just and reasonable rate of return on Net Investment of approximately 11.6%.

That Applicant's Purchased Gas Adjustment Clause and Base Rate for purchased gas were reaffirmed in Appendix "A" of the above-mentioned Order in that, "All rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order."

IT IS THEREFORE ORDERED, that the petition for rehearing
filed by Mountain Utilities, Inc., be and the same is hereby
denied.

Done at Frankfort, Kentucky, this 25th day of August, 1980.

ENERGY REGULATORY COMMISSION


Commission

ATTEST:

Secretary